

110TH CONGRESS  
2D SESSION

# H. R. 6795

To establish an Emergency Commission To End the Trade Deficit.

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## IN THE HOUSE OF REPRESENTATIVES

AUGUST 1, 2008

Mr. DEFAZIO (for himself, Mr. OBERSTAR, Mr. COSTELLO, Mr. HINCHEY, Ms. KAPTUR, and Mr. ELLISON) introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To establish an Emergency Commission To End the Trade Deficit.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “End the Trade Deficit  
5       Act”.

6       **SEC. 2. FINDINGS.**

7       The Congress makes the following findings:

8               (1) In 1998, the United States trade balance  
9       was \$166,140,000,000, leading the Congress to au-  
10      thorize the Trade Deficit Review Commission. The

1 Commission was tasked to study “the nature,  
2 causes, and consequences of the United States mer-  
3 chandise trade and current account deficits”.

4 (2) In 2007, the trade deficit ballooned to  
5 \$700,258,000,000. And in 2006, the United States  
6 amassed the largest negative trade balance in its his-  
7 tory, amounting to \$753,283,000,000.

8 (3) The United States has had 32 years of con-  
9 secutive annual trade deficits, totaling  
10 \$6,432,445,000,000. And in the last ten years, the  
11 annual trade balance has increased by a magnitude  
12 of seven.

13 (4) The positive net international asset position  
14 that the United States built up over 100 years was  
15 eliminated in the 1980s. The United States today  
16 has become the world’s largest debtor nation, with a  
17 net debt of more than \$2,441,800,000,000.

18 (5) In recent times, the trade deficit has re-  
19 tarder growth in the Nation’s gross domestic prod-  
20 uct, increased the costs of servicing higher net for-  
21 eign debt, and made the United States more depend-  
22 ent on international financial considerations.

23 (6) The United States merchandise trade deficit  
24 is characterized by large bilateral trade imbalances  
25 with a handful of countries. In 2007, 15 countries

1       accounted for 75 percent of the United States trade  
2       deficit in goods. The People's Republic of China,  
3       Canada, Mexico, and Japan account for one-half of  
4       the trade deficit alone.

5           (7) The United States manufacturing sector  
6       employed 13,919,000 people in 2007. But decline in  
7       manufacturing has meant the United States has lost  
8       3,718,000 manufacturing jobs since 1998.

9           (8) Elimination of the United States trade def-  
10      icit by the year 2019 would support millions of addi-  
11      tional manufacturing jobs in the United States.

12          (9) While the United States has one of the  
13      most open borders and economies in the world, the  
14      United States faces significant tariff and nontariff  
15      trade barriers with its trading partners. Current  
16      overall trade balances do not reflect the actual com-  
17      petitiveness or productivity of the United States  
18      economy. Instead, they demonstrate the underlying  
19      structural nature of the trade deficits.

20          (10) The United States is once again at a crit-  
21      ical juncture in trade policy development. The struc-  
22      tural nature of the United States trade deficit and  
23      its persistent growth must be reversed. The causes  
24      and consequences of the trade deficit must be docu-  
25      mented and a plan must be developed to eliminate

1 the merchandise trade deficit within the next 10  
2 years.

3 **SEC. 3. ESTABLISHMENT OF COMMISSION.**

4 (a) ESTABLISHMENT.—There is established a com-  
5 mission to be known as the Emergency Commission To  
6 End the Trade Deficit (in this Act referred to as the  
7 “Commission”).

8 (b) PURPOSE.—The purpose of the Commission is to  
9 develop a trade policy plan to eliminate the United States  
10 merchandise trade deficit by January 1, 2019, and to de-  
11 velop a competitive trade policy for the 21st century. The  
12 plan shall include strategies necessary to achieve a balance  
13 of trade that fully reflects the competitiveness and produc-  
14 tivity of the United States and also improves the standard  
15 of living of United States citizens.

16 (c) MEMBERSHIP OF COMMISSION.—

17 (1) COMPOSITION.—The Commission shall be  
18 composed of 11 members, of whom—

19 (A) three shall be appointed by the Presi-  
20 dent, of whom one shall be appointed to rep-  
21 resent labor interests, one shall be appointed to  
22 represent small businesses, and one shall be ap-  
23 pointed to represent consumer protection inter-  
24 ests;

1 (B) one Senator and one other person shall  
2 be appointed by the President pro tempore of  
3 the Senate, upon the recommendation of the  
4 majority leader of the Senate;

5 (C) one Senator and one other person shall  
6 be appointed by the President pro tempore of  
7 the Senate, upon the recommendation of the  
8 minority leader of the Senate;

9 (D) one Member of the House of Rep-  
10 resentatives and one other person shall be ap-  
11 pointed by the Speaker of the House of Rep-  
12 resentatives; and

13 (E) one Member of the House of Rep-  
14 resentatives and one other person shall be ap-  
15 pointed by the minority leader of the House of  
16 Representatives.

17 (2) QUALIFICATIONS OF MEMBERS.—

18 (A) PRESIDENTIAL APPOINTMENTS.—Of  
19 the persons appointed under paragraph (1)(A),  
20 not more than one may be an officer, employee,  
21 or paid consultant of the executive branch.

22 (B) OTHER APPOINTMENTS.—Persons ap-  
23 pointed under subparagraph (B), (C), (D), or  
24 (E) of paragraph (1) who are not Members of  
25 Congress shall be persons who—

1 (i) have expertise in economics, inter-  
2 national trade, manufacturing, labor, envi-  
3 ronment, or business, or have other perti-  
4 nent qualifications or experience; and

5 (ii) are not officers or employees of  
6 the United States.

7 (C) OTHER CONSIDERATIONS.—In appoint-  
8 ing members of the Commission, every effort  
9 shall be made to ensure that the members—

10 (i) are representative of a broad cross-  
11 section of economic and trade perspectives  
12 within the United States; and

13 (ii) provide fresh insights to achieving  
14 a trade deficit reduction plan.

15 (d) PERIOD OF APPOINTMENT; VACANCIES.—

16 (1) IN GENERAL.—Members shall be appointed  
17 not later than 60 days after the date of the enact-  
18 ment of this Act and the appointment shall be for  
19 the life of the Commission.

20 (2) VACANCIES.—Any vacancy in the Commis-  
21 sion shall not affect its powers, but shall be filled in  
22 the same manner as the original appointment was  
23 made.

24 (e) INITIAL MEETING.—Not later than 30 days after  
25 the date on which all members of the Commission have

1 been appointed, the Commission shall hold its first meet-  
2 ing.

3 (f) MEETINGS.—The Commission shall meet at the  
4 call of the Chairperson.

5 (g) CHAIRPERSON AND VICE CHAIRPERSON.—The  
6 members of the Commission shall elect a chairperson and  
7 vice chairperson from among the members of the Commis-  
8 sion.

9 (h) QUORUM.—A majority of the members of the  
10 Commission shall constitute a quorum for the transaction  
11 of business.

12 (i) VOTING.—Each member of the Commission shall  
13 be entitled to one vote, which shall be equal to the vote  
14 of every other member of the Commission.

15 **SEC. 4. DUTIES OF THE COMMISSION.**

16 (a) IN GENERAL.—The Commission shall be respon-  
17 sible for developing a comprehensive trade policy plan, by  
18 examining the economic policies, trade, tax, and invest-  
19 ment laws, and other legal incentives and restrictions that  
20 are relevant to reducing the United States trade deficit.

21 (b) RECOMMENDATIONS.—The Commission shall ex-  
22 amine and make recommendations to Congress and the  
23 President on the following:

24 (1) The manner in which the Government of  
25 the United States establishes and administers the

1 Nation's fundamental trade policies and objectives,  
2 including—

3 (A) the relationship of the merchandise  
4 trade balance to the overall well-being of the  
5 United States economy and, in particular, the  
6 impact the trade balance has on wages and em-  
7 ployment in the different sectors of the United  
8 States economy;

9 (B) the relationship of United States for-  
10 eign policy objectives to trade policy and the ex-  
11 tent to which foreign policy considerations re-  
12 ceive a priority over trade objectives;

13 (C) the effects the trade deficits in the  
14 areas of manufacturing and technology have on  
15 defense production and innovation capabilities  
16 of the United States;

17 (D) the extent to which United States  
18 monetary policies and the need for foreign cap-  
19 ital to finance the current account deficit influ-  
20 ence trade objectives;

21 (E) the coordination, allocation, and ac-  
22 countability of trade responsibilities among  
23 Federal departments and agencies; and

24 (F) the methods for improving and en-  
25 hancing systematic congressional review of for-



1           eign policy and trade policy as part of a plan  
2           to establish a coordinated set of national eco-  
3           nomic priorities.

4           (2) The causes and consequences of both the  
5           overall trade deficit and specific bilateral trade defi-  
6           cits, including—

7                   (A) identification and quantification of the  
8                   macroeconomic, sectoral, and bilateral trade  
9                   factors contributing to the United States trade  
10                  deficit with different countries;

11                  (B) identification and quantification of the  
12                  impact of the trade deficit on the domestic  
13                  economy, on the industrial base, on manufac-  
14                  turing capacity, on the number and quality of  
15                  jobs, on productivity, on wages, on health, safe-  
16                  ty, and environmental standards, and on the  
17                  standard of living in the United States;

18                  (C) identification and quantification of in-  
19                  dividual industrial, manufacturing, and produc-  
20                  tion sectors, and intra-industry and intra-com-  
21                  pany transactions that contribute to or are af-  
22                  fected by United States trade deficits;

23                  (D) a review of the adequacy of the cur-  
24                  rent collection and reporting of trade data, and  
25                  the identification and development of additional

1 databases and economic measurements that  
2 may be needed to properly quantify the factors  
3 described in subparagraphs (A), (B), and (C);

4 (E) the relationship that tariff and non-  
5 tariff barriers have to trade deficits and the ex-  
6 tent to which trade deficits have become struc-  
7 tural;

8 (F) the extent to which there is reciprocal  
9 market access in each country with which the  
10 United States has a persistent and substantial  
11 bilateral trade deficit; and

12 (G) the role of transshipments on bilateral  
13 trade, including foreign imports and exports,  
14 with special attention to transshipments through  
15 countries receiving trade preferences under the  
16 North American Free Trade Agreement.

17 (3) The relationship of United States trade  
18 deficits to both comparative and competitive trade  
19 advantages within the global economy, including—

20 (A) a systematic analysis of the United  
21 States trade patterns with different trading  
22 partners, to what extent the trade patterns are  
23 based on comparative and competitive trade ad-  
24 vantages, and how the trade advantages relate

1 to the goods that are exported to and imported  
2 from different trading partners;

3 (B) the extent to which the increased mo-  
4 bility of capital and technology has changed  
5 both comparative and competitive trade advan-  
6 tages;

7 (C) identification and quantification of  
8 goods imported into the United States that are  
9 produced with child or forced labor, or under  
10 social and environmental conditions that do not  
11 comply with United States law;

12 (D) the impact that labor standards (in-  
13 cluding the ability of labor to organize, bargain  
14 collectively, and exercise human rights) have on  
15 world trade;

16 (E) the impact that currency exchange  
17 rates and the manipulation of exchange rates  
18 have on world trade and trade deficits;

19 (F) the effect that offset and technology  
20 transfer agreements have on the long-term com-  
21 petitiveness of the United States manufacturing  
22 sectors; and

23 (G) the extent to which international  
24 agreements affect United States competitive-  
25 ness.

1           (4) The flow of investments both into and out  
2 of the United States, including—

3           (A) the impact such investments have on  
4 the United States trade deficit and living stand-  
5 ards of United States production workers;

6           (B) the impact such investments have on  
7 United States labor, community, environmental,  
8 health, and safety standards;

9           (C) the extent to which United States tax  
10 laws, such as income deferral, contribute to the  
11 movement of manufacturing facilities and jobs  
12 to foreign locations;

13           (D) the identification and quantification of  
14 domestic plant closures and the movement of  
15 such plants to foreign locations for production  
16 of goods for the United States market;

17           (E) the impact of implied or threatened  
18 plant closings and movement of jobs to foreign  
19 locations on United States wage rates and  
20 working conditions;

21           (F) the effect of investment flows on wages  
22 in countries with developed economies and on  
23 countries of the former Soviet Union; and

24           (G) the effect of barriers to United States  
25 foreign direct investment in developed and de-

1           veloping countries, particularly countries with  
2           which the United States has a trade deficit.

3           (5) Evaluation of current policies and sugges-  
4           tions for alternative strategies for the United States  
5           to systematically reduce the trade deficit and im-  
6           prove the economic well-being of United States citi-  
7           zens, including suggestions for—

8                   (A) the development of bilateral and multi-  
9                   lateral trade relationships based on market ac-  
10                  cess reciprocity;

11                  (B) the retention and expansion of the  
12                  manufacturing, agricultural, and technology  
13                  sectors in the United States;

14                  (C) the discouragement of the expatriation  
15                  of United States plants, jobs, and production to  
16                  countries that have achieved competitive advan-  
17                  tages by permitting lower wages or lower  
18                  health, safety, and environmental standards, or  
19                  by imposing requirements with respect to in-  
20                  vestment, performance, or other obligations;

21                  (D) methods by which the United States  
22                  can effectively compete in a global economy  
23                  while improving the labor, social, and environ-  
24                  mental standards of its trading partners, par-  
25                  ticularly developing countries;

1           (E) methods by which the United States  
2           can respond to substantial shifts or manipula-  
3           tion of currency exchange rates that distort  
4           trade relationships;

5           (F) methods for overcoming and offsetting  
6           trade barriers that are either not subject to or  
7           otherwise inadequately addressed by the World  
8           Trade Organization or other multilateral ar-  
9           rangements;

10          (G) specific strategies for achieving im-  
11          proved trade balances with those countries with  
12          which the United States has significant, per-  
13          sistent sectoral or bilateral trade deficits, in-  
14          cluding Canada, the People's Republic of China,  
15          Mexico, and Japan;

16          (H) methods for the United States to re-  
17          spond to the particular needs and cir-  
18          cumstances of developing and developed coun-  
19          tries in a manner that is mutually beneficial;  
20          and

21          (I) changes that may be required to cur-  
22          rent trade agreements and organizations to  
23          allow the United States to pursue and nurture  
24          economic growth for its manufacturing, agri-  
25          culture, and other production sectors in a man-

1           ner that ensures improved compensation and  
2           quality of life for United States citizens.

3 **SEC. 5. REPORT; CONGRESSIONAL HEARINGS.**

4       (a) REPORT.—

5           (1) IN GENERAL.—Not later than 16 months  
6       after the date of the enactment of this Act, the  
7       Commission shall submit to the President and the  
8       Congress a report that contains—

9           (A) the findings and conclusions of the  
10       Commission described in section 4;

11          (B) a detailed plan for reducing both the  
12       overall trade deficit and specific bilateral trade  
13       deficits; and

14          (C) any recommendations for administra-  
15       tive and legislative actions that may be nec-  
16       essary to achieve such reductions.

17       (2) SEPARATE VIEWS.—Any member of the  
18       Commission may submit additional findings and rec-  
19       ommendations as part of the report.

20       (b) CONGRESSIONAL HEARINGS.—Not later than 6  
21       months after the report described in subsection (a) is sub-  
22       mitted, the Committee on Ways and Means of the House  
23       of Representatives and the Committee on Finance of the  
24       Senate shall hold hearings on the report.

1   **SEC. 6. POWERS OF COMMISSION.**

2       (a) HEARINGS.—The Commission may hold such  
3 hearings, sit and act at such times and places, take such  
4 testimony, and receive such evidence as the Commission  
5 considers advisable to carry out this Act. The Commission  
6 shall hold at least seven public hearings, one or more in  
7 Washington, DC, and four in different regions of the  
8 United States.

9       (b) INFORMATION FROM FEDERAL AGENCIES.—The  
10 Commission may secure directly from any Federal depart-  
11 ment or agency such information as the Commission con-  
12 siderers necessary to carry out this Act. Upon request of  
13 the Chairperson of the Commission, the head of such de-  
14 partment or agency shall furnish such information to the  
15 Commission.

16       (c) POSTAL SERVICES.—The Commission may use  
17 the United States mails in the same manner and under  
18 the same conditions as other departments and agencies of  
19 the Federal Government.

20   **SEC. 7. COMMISSION PERSONNEL MATTERS.**

21       (a) COMPENSATION OF MEMBERS.—Each member of  
22 the Commission who is not an officer or employee of the  
23 Federal Government shall be compensated at a rate equal  
24 to the daily equivalent of the annual rate of basic pay pre-  
25 scribed for level IV of the Executive Schedule under sec-  
26 tion 5315 of title 5, United States Code, for each day (in-



cluding travel time) during which such member is engaged in the performance of the duties of the Commission. All members of the Commission who are officers or employees of the United States shall serve without compensation in addition to that received for their services as officers or employees of the United States.

(b) TRAVEL EXPENSES.—The members of the Commission shall be allowed travel expenses, including per diem in lieu of subsistence, at rates authorized for employees of agencies under subchapter I of chapter 57 of title 5, United States Code, while away from their homes or regular places of business in the performance of duties of the Commission.

(c) STAFF.—

(1) IN GENERAL.—The Chairperson of the Commission may, without regard to the civil service laws and regulations, appoint and terminate an executive director and such other additional personnel as may be necessary to enable the Commission to perform its duties. The employment of an executive director shall be subject to confirmation by the Commission.

(2) COMPENSATION.—The Chairperson of the Commission may fix the compensation of the executive director and other personnel without regard to

1 the provisions of chapter 51 and subchapter III of  
2 chapter 53 of title 5, United States Code, relating  
3 to classification of positions and General Schedule  
4 pay rates, except that the rate of pay for the execu-  
5 tive director and other personnel may not exceed the  
6 rate payable for level V of the Executive Schedule  
7 under section 5316 of such title.

8 (d) DETAIL OF GOVERNMENT EMPLOYEES.—Any  
9 Federal Government employee may be detailed to the  
10 Commission without reimbursement, and such detail shall  
11 be without interruption or loss of civil service status or  
12 privilege.

13 (e) PROCUREMENT OF TEMPORARY AND INTERMIT-  
14 TENT SERVICES.—The Chairperson of the Commission  
15 may procure temporary and intermittent services under  
16 section 3109(b) of title 5, United States Code, at rates  
17 for individuals which do not exceed the daily equivalent  
18 of the annual rate of basic pay prescribed for level V of  
19 the Executive Schedule under section 5316 of such title.

20 **SEC. 8. AUTHORIZATION OF APPROPRIATIONS; GAO AUDIT.**

21 (a) IN GENERAL.—There are authorized to be appro-  
22 priated \$2,000,000 to the Commission to carry out this  
23 Act.

24 (b) GAO AUDIT.—Not later than 6 months after the  
25 date on which the Commission terminates, the Comptroller

1 General of the United States shall complete an audit of  
2 the financial books and records of the Commission and  
3 shall submit a report on the audit to the President and  
4 the Congress.

5 **SEC. 9. TERMINATION OF COMMISSION.**

6 The Commission shall terminate 30 days after the  
7 date on which the Commission submits its report under  
8 section 5(a).

9 **SEC. 10. MORATORIUM ON FREE TRADE AGREEMENTS.**

10 The President shall not submit to the Congress any  
11 free trade agreement, or any legislation implementing a  
12 free trade agreement, until—

13 (1) the report of the Commission has been de-  
14 livered to the Congress and the President under sec-  
15 tion 5(a); and

16 (2) the committees of Congress referred to in  
17 section 5(b) have completed the hearings required  
18 under such section.

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